



Nancy M. Schlichting
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October 2, 2015

Eliot Fishman, Director
State Demonstrations Group
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, Maryland 21244-1850

Re: Healthy Michigan Plan Waiver Endorsement

Dear Dr. Fishman,

Henry Ford Health System (HFHS) appreciates the opportunity to comment on the Healthy Michigan Plan (HMP) waiver. As a winner of the Malcolm Baldrige National Quality Award, HFHS is recognized as one of the nation's leading health care systems. HFHS is a safety net provider, serving the Detroit metropolitan area, including the City of Detroit, in Southeast Michigan. Detroit has no public hospital and only a few federally qualified health centers. HFHS is one of the largest integrated health systems, with a multispecialty group practice, four acute care inpatient hospitals, a psychiatric inpatient hospital, seven Emergency Departments, 45 outpatient clinics, home health care, pharmacy, durable medical equipment and other services. HFHS also sponsors research, medical education and community-based indigent care programs.

Henry Ford Hospital participates in the 340B Pharmacy Discount Program with a DSH percentage of 34.8%. Under our 340B Pharmacy Discount Program, we are able to provide more than \$35 million per year in uncompensated prescription drugs to our patients. Overall, the Henry Ford Health System fee-for-service payer mix is more than 60% Medicare and Medicaid, with nearly a third of Medicare fee-for-service revenues associated with patients dually eligible for Medicare and Medicaid. Our Health Alliance Plan provides Medicare Advantage coverage for 30,000 beneficiaries, and our HAP Midwest Health Plan provides coverage for approximately 90,000 Medicaid enrollees.

HFHS strongly supports the Michigan waiver request for the Healthy Michigan Plan (HMP). We worked closely with the Michigan Legislature on passage of legislation authorizing the Medicaid expansion program, which covers individuals age 19-64 with

incomes at or below 133% of the poverty level. While we did not promote provisions in the new law that require a financial contribution by enrollees, we were encouraged by provisions that allow the health plans to reduce financial contributions based on enrollee participation in Wellness activities. This approach is similar to the approach we take for our own employees. HMP was implemented in April 2014 under the initial federal waiver and has experienced unprecedented success in Michigan, surpassing all enrollment projections. The positive impact has been particularly important here in SE Michigan and Detroit, where the median income is approximately \$30,000 per household. Currently more than 600,000 low-income Michigan residents rely on HMP for access to high-quality, comprehensive health care. HFHS is proud to have provided care to approximately 222,675 Medicaid beneficiaries across our health care system since April 2014.

We note that the financial contribution provisions of this waiver will impact only a small percentage of the program enrollees, but without approval of the second waiver, the program would end for all 600,000 current beneficiaries, due to the stipulations of the state HMP law. Access to high-quality, comprehensive healthcare will be lost for many patients in our SE Michigan service area if HMP ends. Access to healthcare under HMP means beneficiaries have the opportunity to visit their own primary care doctor, receive a physical exam, have needed diagnostic services, and obtain wellness and preventive care including screenings and immunizations. If needed, mental health, behavioral health and rehabilitative services and treatments are available. These beneficiaries also have access to prescription drugs, which helps them manage acute and chronic conditions. Access to coverage helps beneficiaries and their families improve health, manage chronic and multiple-chronic conditions, and avoid using the Emergency Department (ED) or inpatient hospital. HMP is important because many health issues can be detected and treated early. That saves money. But, more importantly, it saves lives.

The HMP has a special focus on encouraging people to adopt healthier behaviors. Beneficiaries receive incentives to complete a health risk assessment and, working with their primary care provider, identify steps to take towards a healthier life style, such as weight loss, smoking cessation or becoming more physically active. In the long run, healthier beneficiaries mean lower health care costs and more productive lives.

We see many positive outcomes since the HMP implementation. Within the Henry Ford Medical Group (HFMG), a physician group practice of more than 1200 salaried physicians, we have seen an increase in the use of primary and preventive care services, allowing beneficiaries and their physicians to identify health problems early and avoid higher-cost care. We have seen a decrease in the use of the ED for non-emergency care, and we observe an increased use of a primary care doctor for routine care, instead of the ED. We are also seeing good results from our strategy to embed behavioral health services in the clinic setting.

There has been a decrease in self-pay patients and charity care patients across our health system. However, uncompensated care has not been completely eliminated. Overall, our

uncompensated care costs have moderated to about \$314 million per year, with a slower growth rate in 2014 than in previous years. We work with patients to balance our charity care policies so that patients who are eligible for coverage under Healthy Michigan or the Exchange actually enroll for coverage. When uninsured patients come into one of our emergency departments or inpatient hospitals, we help them determine if they are eligible for insurance, including HMP, and assist them in completing the enrollment eligibility application. Because many are not eligible for any coverage, our charity funds remain available for continued care for these cases.

I would also note that Henry Ford Health System is deeply engaged in the revitalization of Detroit. Among other initiatives, we are redeveloping 300 acres of blighted property to include a local presence for our larger suppliers, such as a Medical Supply Distribution Center involving a \$27 million construction investment with 140 permanent new jobs, as well as a new comprehensive ambulatory care center with new jobs and needed services for the region. The continuation of HMP is a critical element for success of these efforts and overall improvement in the Detroit business outlook.

We are very concerned that if HMP ends, many positive trends will be reversed. People who lose access to coverage will still come to HFHS with delayed treatment and delayed diagnoses. Patients will once again use the ED for primary or urgent care, instead of visiting a primary care doctor or urgent care clinic. Our ED resources will be stretched with care to non-emergency patients, and the trend towards lower cost will be replaced with higher costs that will have to be absorbed by everyone.

We are pleased to support this very successful program and ask for your approval of the HMP waiver.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy M. Schlichting". The signature is fluid and cursive, with a large loop at the end.

Nancy M. Schlichting
Chief Executive Officer
Henry Ford Health System